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**TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE HOUSE COMMITTEE
ON
FINANCE**

March 4, 2015, 11:00 a.m.

**HOUSE BILL 1180
RELATING TO PROCUREMENT**

Chair Luke, Vice-Chair Nishimoto, and members of the committee, thank you for the opportunity to submit testimony on HB 1180. The State Procurement Office (SPO) submits the following comments.

HB 1180 would require the Administrator of the SPO to develop and administer a database of inadequate performance by contractors. This measure intersects with two issues impacting Hawai'i procurement: (1) development and maintenance of a procurement database containing relevant contract data; and (2) evaluation of contractor past performance.

Earlier this year, the SPO delivered to the Legislature a report entitled, "Report on the Study on Past Performance Consideration in Hawaii Contracting" (SPO, January 2015), which detailed the findings of a study the SPO conducted regarding the feasibility of requiring past performance as a factor in awarding any public contract in Hawai'i. The feasibility of requiring past performance evaluation is clear. What is not clear is how the Procurement Officer would determine bad past performance. At this time, stakeholders do not have a common understanding of past performance or the relevant criteria necessary to determine a "poor performer." As mentioned in our testimony regarding HB 1292, we believe this is the value of continuing the work of the Procurement Task Force convened by the Comptroller at the request of SCR 92 SD 2/SLH 2013: we need a clear, common understanding of past performance standards, generally.

Moreover, the SPO does not support the creation of a "black list" database of contractors. That would be a Debarment Database and because Hawai'i has not debarred any contractors, there is no current need for such a database.

The SPO does, however, support the creation of a statewide procurement database (see HB 1126 HD1, for example) that operates as a “One-Stop Shop” that can “pull” data, including complete past performance evaluations (as opposed to only poor performers), from the multiple databases (based on mandated fields). This type of database has value for the State because State Agencies and Departments would have access to business analytics to find creative, innovative ways to cut costs and increase efficiencies. In addition, contractors who are interested in doing business with the state currently have to visit over 40 websites in order to obtain business intelligence as to what current state solicitations are available to their firm. A “One-Stop Shop” would ease this burden.

Thank you.

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TESTIMONY OF NELSON H. KOYANAGI, JR.
DIRECTOR OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
BEFORE THE HOUSE COMMITTEE ON FINANCE
March 4, 2015, 11:00 a.m., Conference Room 308

HOUSE BILL 1180, "RELATING TO PROCUREMENT"
Position: In Opposition

TO: The Honorable Sylvia Luke, Chair
and Members of the Committee on Finance

The Department of Budget and Fiscal Services, City and County of Honolulu,
opposes House Bill No. 1180, Relating to Procurement.

We appreciate the bill's intent to address poor contractor performance, but we are concerned with the added complexity and exposure to bid protests that the bill may cause. We respectfully request that this bill be held in committee and we request that a procurement taskforce be created to research the issue and develop a solution that is supported by all stakeholders.

Mahalo for the opportunity to testify on this bill. Should you have any questions or concerns, please feel free to contact the Department of Budget & Fiscal Services' Division of Purchasing at 808-768-5535 or bfspurchasing@honolulu.gov.

The House of Representatives
The Twenty-Eighth
Committee on Finance
March 4, 2015 11:00 a.m.
Room 308

Statement of the Hawaii Regional Council of Carpenters on HB 1180
Relating to Procurement

The Hawaii Regional Council of Carpenters supports H.B. 1180, to continue working towards systematically addressing the problem of construction contractors continuing to win contract awards with no consideration of a history of poor performance on public works projects.

The problem is real, as was established in previous legislative sessions. Public works have been delayed, poorly built, even abandoned, by contractors who then go on to be awarded another public works project. There has been progress up to this stage, that of designing a working system. A new system will need field testing and adjustment, but it must be started at some point.

H.B. 1180 makes the checking of past inadequate performance uniform for public works procurement. It provides guidance, with flexibility, for the development of a data base so that inadequate performance on projects for different subdivisions of government will be available. By focusing on inadequate past performance, it removes the problem of new contractors being unable to build a record of good performance. It allows for a contractor to respond to being reported as inadequately performing.

While the Bill does not mandate loss of eligibility to bid on or be awarded a contract based on inadequate past performance, further work on systems for those matters can take place once the data base and regular consulting of the data base, are put into practice.

Facilities for the public and wise use of taxpayers' money are at stake, making development of this aspect of public works procurement worth our while.

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 04, 2015 11:05 AM
To: FINTestimony
Cc: gino@local368.org
Subject: *Submitted testimony for HB1180 on Mar 4, 2015 11:00AM*

HB1180

Submitted on: 3/4/2015

Testimony for FIN on Mar 4, 2015 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Gino Soquena	Hawaii Laborers Union Local 368	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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